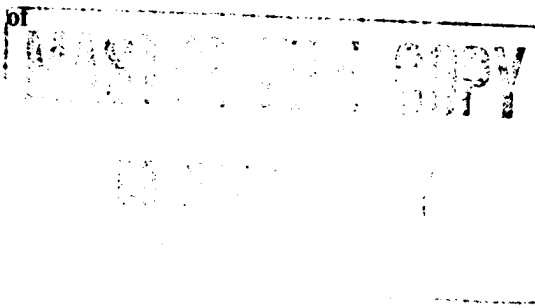




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# Burma: Political Transition

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An Intelligence Assessment

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EA 84-10120  
June 1984

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# Burma: Political Transition

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**An Intelligence Assessment**

This paper was prepared by [redacted] Office  
of East Asian Analysis, with a contribution from the  
US Mission in Rangoon. [redacted]

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Comments and queries are welcome and may be  
directed to the Chief, Southeast Asia Division, OEA,  
[redacted]

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**Burma: Political Transition**

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**Key Judgments**

*Information available  
as of 4 June 1984  
was used in this report.*

The Burmese Government, party, and military over the past year have undergone the most extensive purge since Ne Win took power in 1962. As many as 1,000 officials have been removed—including Tin Oo, the man most observers had expected to succeed 73-year-old party Chairman Ne Win.

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Since the purge, Ne Win has stepped up his preparations for establishing a successor government and has talked of retiring next year. As long as Ne Win lives, we expect the transition to go smoothly:

- We think Ne Win will retain near total control of major government decisions even if he retires.
- With the removal of Tin Oo, no individual has an established, independent power base from which to challenge Ne Win, and the fear of another purge will limit maneuvering for support.

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But, by not naming a successor, Ne Win is laying the groundwork for a divisive succession struggle upon his death. Only Ne Win commands nationwide loyalty; the rest of the leadership is beset with cliques and shifting alliances. And contenders are certain to turn to various elements in the military to bolster their positions.

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Regardless of the outcome, we do not look for major changes in Burma's xenophobic foreign and economic policies soon. All of the most likely successors have been staunchly loyal to Ne Win and his policies. Nonetheless, there are indications of dissatisfaction within the military over Burma's economic performance, and over the longer term we expect the government at least to begin easing its restrictions on foreign economic activity in Burma.

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**Ne Win**

*As a young man in the 1930s, Ne Win joined the nationalist struggle to free Burma from colonial rule and replace it with Marxist socialism. In 1941 he was one of the "Thirty Comrades"—along with Burma's founding father Aung*

*San—smuggled to Japan for military training. Returning to Burma the next year, Ne Win ranked as the third-highest officer in the newly reorganized Burmese Army. From 1946 to 1949 he led the 4th Burma Rifles, and many leaders of the current regime probably owe their positions, at least in part, to their loyalty while serving under him. In 1949 he was named Supreme Commander of the Burma Armed Forces, as well as Deputy Prime Minister and Defense Minister.* [redacted]

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*When Prime Minister U Nu's government was weakened by political maneuvering in 1958, Ne Win was asked to head a caretaker government. He restored order and, when U Nu was returned to power in 1960, returned to his position as head of the armed forces. Two years later, convinced of the inefficacy of U Nu's parliamentary democracy, Ne Win took over the government again, this time by military coup. He opted for a radical change to socialism and made it clear he intended to stay in power to see a new government firmly established.* [redacted]

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*Ne Win was 73 years old in May and is in generally good health.* [redacted]

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**Burma: Political Transition**

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Over the past year, party Chairman Ne Win has directed the most extensive purge of government and military officials since he took power in a bloodless coup in 1962. The purge began in May 1983 with the ouster of his protege and presumed successor Tin Oo. By early 1984 as many as 1,000 officials had been removed.

Although a purge this large is unprecedented in modern Burma, the removal of Ne Win's potential successors is not. In the 1960s, for example, Ne Win forced two close confidants, Brigadier Generals Aung Gyi and Tin Pe, to resign because he believed they were becoming too powerful. And in 1977, with the support of Tin Oo, Ne Win removed a number of military leaders who were trying to vote Ne Win out as party chairman.

**The Rise and Fall of a Potential Successor**

After the purge in 1977, Tin Oo—an Army officer who had been Ne Win's aide-de-camp in the 1950s—emerged as Ne Win's favorite and was widely believed to be his chosen successor. Unlike earlier proteges, Tin Oo was an intelligence rather than a combat officer—a result, according to a press story, of an appeal by Tin Oo's mother to keep her only living son out of combat. With Ne Win's backing, Tin Oo eventually rose to head both the Directorate of Defense Services Intelligence (DDSI) and the National Intelligence Bureau (NIB). Although he relinquished these positions to advance into top party and state positions in the late 1970s, Tin Oo continued to control the intelligence apparatus through his proteges. According to the US Embassy, following Ne Win's retirement from the presidency in 1981,<sup>1</sup> Tin Oo became more involved in running the daily governmental and party affairs and was responsible for

<sup>1</sup> Ne Win retired from the presidency probably to remove himself from its time-consuming, ceremonial duties. He, nonetheless, has maintained control over major government decisions through his position as party chairman.

**Burma's Military—Source of Power for the Government**

*For 12 years following Ne Win's coup, Burma was ruled as a military state; the Revolutionary Council led by Army generals was the primary decisionmaking organization. In the early 1970s, in an attempt to demilitarize the regime, Ne Win ordered top party leaders to resign their Army posts. The Revolutionary Council became the State Council, with Ne Win as President. Leaders of the state and party nonetheless continue to be active or retired military officers. Military officers are required to be party members, and many hold party office while in the military.*

*The men who have remained closest to Ne Win—and those most likely to figure prominently in a post-Ne Win government—have longstanding military loyalties. Most began their career in the 1940s fighting in the Japanese-sponsored army with Ne Win. Many came from Ne Win's old unit, the 4th Burma Rifles, which he commanded in the postwar period. From there they moved through the ranks to head one of the nine regional commands or six divisions and eventually stepped into a staff position in the Ministry of Defense. Those who have moved into top state or party offices were required to resign their commissions early.*

keeping Ne Win informed on important issues. By 1983, Tin Oo had attained the number-three position in the party, the rank of brigadier general, and a government post as a member of the State Council.

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*Tin Oo: 56 . . . until last May was the closest adviser to Ne Win and considered the chosen successor . . . now serving life sentence for corruption . . . his power base in the intelligence community has been wiped out.*

Tin Oo's attempts to consolidate his position, however, angered other powerful military officers. Already distrusted because of his lack of combat experience, Tin Oo further antagonized senior combat officers by building up dossiers on them in his role as intelligence chief. Tin Oo also expanded the responsibilities of the DDSI into areas traditionally covered by other intelligence departments, and in 1983 he accelerated his attempts to control the combat ranks by maneuvering supporters into top Army positions during the annual command rotations. He tried unsuccessfully to oust Kyaw Htin—the respected and popular Defense Minister—and replace him with one of his own men.

Concerned over the growing rifts within the military and over Tin Oo's independent power base, Ne Win forced Tin Oo to resign as Joint General Secretary of the party on 17 May 1983. Tin Oo was subsequently stripped of his military rank and removed from his government positions. In July, probably in an effort to legitimize his ouster, he was arrested and charged with misuse of state funds. On 14 November he was found guilty on five counts of corruption, each carrying a life sentence. He is now in prison.

### The Purge of Tin Oo's Supporters

The subsequent purge of government, party, and military officials focused on Tin Oo's network of supporters in the intelligence community.<sup>2</sup> The top

<sup>2</sup> The intelligence apparatus in Burma consists of the 15-member National Intelligence Bureau (NIB), which coordinates intelligence functions of four subordinate organizations. The military's DDSI, the primary intelligence unit, traditionally has been responsible for internal security and insurgency-related intelligence. The Bureau of Special Investigation (BSI), Criminal Investigations Department

men in the major intelligence organizations were the first to be removed. Bo Ni, the Minister of Home and Religious Affairs, and Kan Nyunt, Tin Oo's nephew and head of the DDSI, were removed. Kyaw Htoon, head of the NIB, was transferred to another ministry.

Other proteges of Tin Oo who had advanced from intelligence work into party and government positions were also purged. Myo Aung, appointed Quartermaster General of the Army last March and a past director of the DDSI, and Thein Aung, formerly the number-two man at the NIB, were purged in early June. In addition, personnel in Tin Oo's pet agricultural projects—beekeeping and the newly created Ministry for Livestock Breeding and Fisheries—were ousted along with Tin Oo's relatives.

In October, Ne Win moved to reassert firm government control over the NIB. To prevent the establishment of other individual power bases, the People's Assembly passed a law in early October to rotate leadership of the NIB among four cabinet ministers with the Prime Minister as head. Under the new law, the NIB is also to be made more accountable for its actions through the submission of regular reports to the President and State Council.

(CID), and Special Investigations Department (SID) are in the Ministry for Home and Religious Affairs but operationally responsible to the NIB. The BSI investigates economic crimes including corruption, the SID handles subversion, and the CID covers general crime.

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**Burma: Purges and Transfers, as of June 1984 <sup>a</sup>**

Name	Position	Replacement	Name	Position	Replacement
<b>Party</b>			<b>Foreign Affairs (continued)</b>		
Tin Oo	Joint General Secretary Council of State and National Security Committee	Sein Lwin Tun Yi	Kyi Maung	Economic Counselor, Tokyo	Unknown
Thein Aung	Party Disciplinary Committee	Min Din	Than Tun	Counselor, Washington	Unknown
Mon San Hlaing	Council of People's Justices	Tin Ohn	Aung Lwin	Military Attache, London	Unknown
Soe Thin	Council of People's Attorneys	Hla Tint	Myint Oo	Charge d'Affaires, Singapore	Unknown
<b>Army</b>			Soe Myint	Ambassador, Thailand	Ko Ko Gyi
Myo Aung	Quartermaster General	G Tuang Za Khai	Myint Thein	Military Attache, Bangkok	Unknown
Tun Yi	Army Vice Chief of Staff	Saw Maung	<b>Industry I</b>		
<b>Intelligence Community</b>			Ba Chit	Deputy Minister	Thein Myint
Kyaw Htoon	Director, National Intelligence Bureau	None <sup>b</sup>	Khin Kyaw Nyo	Director, Ceramic Industries Corporation	Tin Aye
Thein Toe	National Intelligence Bureau	None <sup>b</sup>	Myint Tun	Director, Myanma Gems	Unknown
Kan Nyunt	Director, Defense Services Intelligence	Aung Ko	San Myint	Director, Pearls and Fisheries	Unknown
Aung Ko	Director, Defense Services Intelligence	Khin Nyunt	<b>Information</b>		
Ye Swe	Deputy, Defense Services Intelligence	Hlaing Win	Aung Htay	Deputy Minister	Taik Soe
Bo Ni	Minister for Home and Religious Affairs	Min Gaung	<b>Livestock Breeding and Fisheries</b>		
Min Naung	Deputy, Home and Religious Affairs	Khin Maung Wia	Tin Sein	Minister	Sein Tun
Aung Kyu	Director, Bureau of Special Investigations	Khin Tun	<b>Planning and Finance</b>		
Kyi	Deputy, Bureau of Special Investigation	Unknown	One Tun	Director, Myanma Insurance	Unknown
Maung Maung Thwin	Deputy, Special Investigations Department of People's Police Force	Tin Hlaing	Aye Lwin	Director, Union of Burma Bank	Unknown
Hla Tin	Deputy Director General, People's Police Force	Unknown	Aung Thu	Director, Internal Revenue	Unknown
<b>Government</b>			Aung Nyunt Pe	Managing Director, Myanma Foreign Trade Bank	Unknown
<b>Agriculture and Forestry</b>			<b>Trade</b>		
Kyaw Shein	Director, State Timber	Unknown	Khin Maung Yi	Deputy Minister	Kyaw Htoon
Win Myint	General Manager, State Timber	Unknown	<b>Customs</b>		
<b>Education</b>			Kyaw Myint	Director, Customs Department	Unknown
Saw Lwin	Director, Higher Education	Unknown	Kyi Swe	Deputy, Customs Department	Unknown
<b>Foreign Affairs</b>			Myo Zin	Director, Preventive Branch	Unknown
Maung Kyaw	Defense Attache, Tokyo	Unknown	Mya Nyein	Director, Outstation Branch	Unknown
			Soe Nyunt	Director, Myanma Export/Import	Unknown
			Soe Myint	Director, Textiles Trade	Unknown
			<b>Transport and Communications</b>		
			Lein Thein Maung	Director, Post and Telecommunications	Unknown

<sup>a</sup> This is a partial listing of the purges and transfers [redacted] Some of the personnel changes are unconfirmed.

[redacted]

<sup>b</sup> NIB restructured.

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**Focus on Succession**

The removal of Tin Oo and the dismantling of his intelligence network have clouded the succession to Ne Win. In the past few years Ne Win has sought a less active role in the leadership, evidenced by his retirement from the presidency and his subsequent reliance on Tin Oo to handle daily military, government, and party operations. He has often discussed retirement; [redacted]

he recently announced plans to senior leaders to retire at the party congress in 1985. [redacted]

[redacted] Ne Win wants a collegial government to succeed him. In March, he named a Ruling Committee consisting of five permanent and four alternate members who would handle party affairs after his death. Although there is no guarantee that these leaders will in fact be a part of a succession government, they are the likely candidates at this point. All the permanent members are longtime allies of Ne Win:

- **Defense Minister Kyaw Htin** probably was the primary beneficiary of Tin Oo's fall. He has gained control of military intelligence and holds high-level positions in the party, government, and military. Due to retire in June as Defense Minister, his appointment recently was extended for two years.
- **President San Yu** is often called "number two" in Burma because he appears to have Ne Win's backing. He lacks strong support within the military, however, and holds no key party positions. Moreover, there is some speculation that he may be in political trouble—the US Embassy reports he has been linked to a corruption scandal and his personal secretary has been fired.
- **General Secretary Aye Ko** holds the number-two position in both the party and government, but the Embassy believes he is not a leader. He is reputed to be an ally of San Yu and Kyaw Htin.
- **Joint General Secretary Sein Lwin** replaced Tin Oo at that position. He has not held a military post for 10 years.

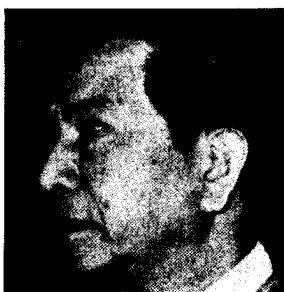


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*Kyaw Htin: 59 . . . Defense Minister and Deputy Prime Minister . . . member of the party's Central Executive Committee and Council of State . . . strong following in the Army . . . considered a firm, decisive, and intelligent leader.* [redacted]

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*San Yu: 66 . . . holds largely ceremonial office of President . . . has held almost every top army, government, and party position . . . described as a yes-man by Burmese political observers . . .* [redacted]

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*Aye Ko: 62 . . . BSPP General Secretary and Secretary of the Council of State . . . retired Major General . . . loyal to Ne Win . . .* [redacted]

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- **Prime Minister Maung Maung Kha** has proven administrative ability from a decade of government service. Although he keeps an active schedule, he reportedly has health problems and is rumored to be considering retirement. [redacted]

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If Ne Win retires, this—or a similar—collegial government would probably direct daily party and government operations. But we would expect Ne Win to retain personal control over major decisions. [redacted]

he planned to remain as a “national figure” after retirement [redacted]

On Ne Win’s death, succession jockeying will begin in earnest. We would expect San Yu and Kyaw Htin—reportedly the only officials who have direct access to Ne Win—to become “first among equals” in a collegial government. The US Embassy believes that while San Yu would be in the limelight—probably assuming the position of party chairman—Kyaw Htin would hold the real power. The prospects for a lasting collective government, however, appear dim. Most of the top officials are aging and have health problems. In addition, this group, although loyal to Ne Win, is beset with cliques and maneuverings, [redacted]

[redacted] no single individual commands the loyalty of the group. If the collegial government collapsed quickly, we would look for Kyaw Htin to emerge as the most powerful because of his strong military backing. [redacted]

Over the longer run, there are a number of lesser known officials who might garner enough support for a power play. Tun Yi, for example, held the top position in the Army until July 1983, and he has been named as an alternate member of the Ruling Committee. Home Minister Min Gaung, a former principal of the party’s ideological training school, has held many military and party posts and has gained recognition by successfully defusing religious tension between Buddhists and Muslims. [redacted]

According to one press report, the succession struggle may boil down to the power of young Army divisional commanders, who will play the pivotal role in deciding who gets the military’s backing. With Ne Win gone, these officers may be unwilling to accept a collective leadership. Unlike the senior leaders, they did not take part in the revolution and the creation of the socialist ideology, and their loyalty to Ne Win may not extend to his policies. [redacted]

There is only a slight possibility that Tin Oo could try a comeback. Although Ne Win could grant him

amnesty, Tin Oo’s power base has been eviscerated—his supporters dispersed either to Army posts throughout the country or through forced resignations. Moreover, some of the most powerful of the men purged, such as Myo Aung and Tin Sein, have been sent to ambassadorial posts out of the country. Finally, according to the US Embassy, if Ne Win should die before granting Tin Oo amnesty, there probably would be no one in the leadership with the slightest inclination to free their former nemesis. [redacted]

### Outlook for Policy Change

As long as Ne Win lives, or if he is succeeded by his selected collegial government, we expect no major changes in Burma’s foreign or domestic policy over the near term. Ne Win’s isolationist policies are an integral aspect of Burma’s leadership today, and the party Chairman has tempered these policies only under duress. In the early 1970s, for example, food riots forced him to turn to the World Bank and the Asian Development Bank for support and to introduce production incentives. We see no evidence that the men apt to succeed him—or to manage daily affairs after his retirement—are any less xenophobic. [redacted]

Staunch nationalists who support the current Constitution, such as San Yu and Aye Ko, continue to counsel against increased foreign involvement in the economy, claiming any form of capitalism will hinder progress toward the socialist goal. They believe the present course of building the socialist state through centralized decisionmaking is correct and that relations with other countries should remain distant. [redacted]

But over the longer term we expect a softening of that attitude, and we look for some easing of economic restrictions. The US Embassy believes that the military, although fiercely loyal to Ne Win the man, is pervaded by the belief that economic changes will and must come after his death. [redacted]

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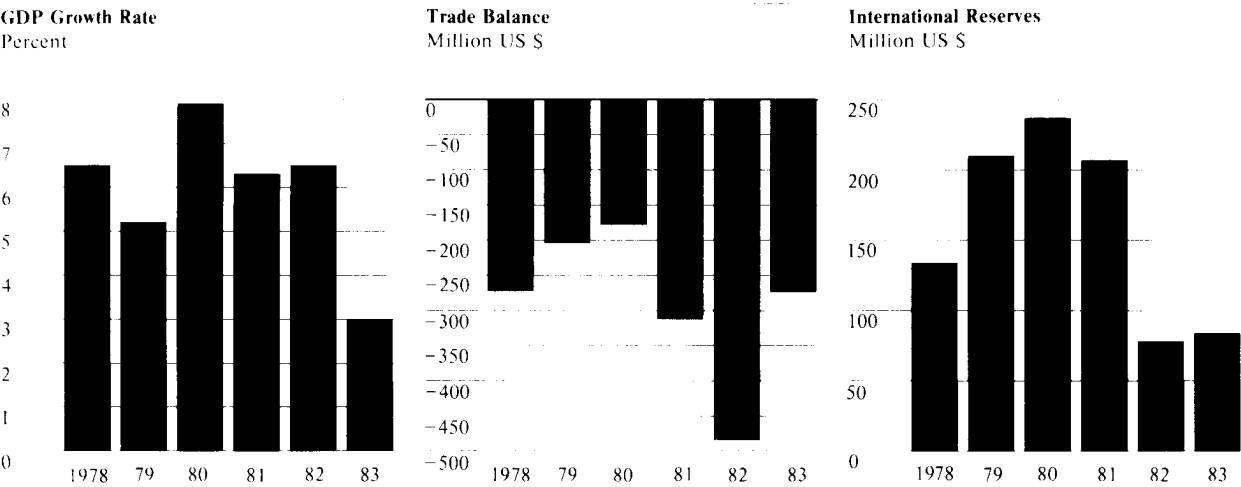
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Burma: Selected Economic Indicators<sup>a</sup>



<sup>a</sup> Fiscal years, beginning 1 April.

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## Appendix

### The Burmese Economy

Ne Win's "Burmese Road to Socialism"—an eclectic mixture of nationalism, Buddhism, and socialism—has stifled the growth of Burma's economy over the past two decades. The party Chairman tempered his hardline policies in the early 1970s when the economy plunged into a deep recession and food riots occurred in several cities. While continuing to refuse direct foreign investment, Rangoon renewed projects funded by the World Bank and Asian Development Bank, accepted bilateral loans and grants, instituted production incentives, and placed many state enterprises on a commercial footing. It sought to expand agricultural exports. High-yielding variety crops were introduced, which increased product quality and quantity. As a result of these programs, in the latter half of the 1970s growth averaged 6 to 7 percent annually. [ ]

Since 1980, however, growth has slowed again. The US Embassy reports that growth for the fiscal year from April 1982 to March 1983 dropped to less than 3 percent. We expect growth for the current fiscal year to reach only 3 to 5 percent, because of the drop in the world price of rice—Burma's primary export earner—rising debt service costs, and the shortage of domestic fuel oil. [ ]

Despite increased volume of rice exports, foreign exchange earnings have failed to rise because the poor quality of Burmese rice has kept the price low. In addition, transportation bottlenecks and lack of adequate storage and milling facilities hinder Rangoon's attempts to market large volumes. The shortage of foreign exchange caused by the drop in export earnings has been compounded by growing interest payments on the multilateral and bilateral loans made during the past decade. These factors have forced Rangoon to restrict imports of agricultural inputs and equipment needed for major development projects. And these cutbacks have hurt the production of high-yielding variety crops, which depend on imported fertilizer and the irrigation projects. [ ]

Adding to these difficulties is Burma's current shortage of oil. Once self-sufficient in oil, Burma has been facing a steady decline in production from aging oilfields since 1979. The shortfall of oil has delayed or halted development projects and cut production of some agricultural goods. Moreover, increased exploration has failed to uncover major oil finds. Offshore exploration is more promising with the natural gas find in the Gulf of Martaban. However, it will take several years to develop the fields once Burma gets the needed financing. And, given the current world glut of natural gas, potential financiers are questioning the potential future market for natural gas products. [ ]

To counter the deteriorating economy, along with stricter foreign exchange controls, Rangoon received balance-of-payments assistance from the IMF and Japan last year. Although these provide some immediate relief, they do not involve a shift from Rangoon's policy of limiting aid to that which does not mandate changes to Burma's domestic policy. Moreover, Ne Win and his colleagues do not appear inclined to revise this policy unless the economy deteriorates sharply enough to cause urban unrest. [ ]

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